

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ETRD, BR

SUBJECT: BRAZILIAN FOOTWEAR IMPORTS -- REQUEST FOR
INDIVIDUAL COMPANY MODIFICATIONS

REF: A) BRASILIA 7586 B) STATE 213919 (NOTAL)

SUMMARY: IN RESPONSE TO INQUIRY IN REF A, VERIFICATION OF
SIX MONTH INFORMATION ON FOUR FOOTWEAR COMPANIES REQUESTED
IN REF B IS NEEDED IN ORDER TO GRANT THOSE COMPANIES
SUSPENSION OF LIQUIDATION. OF THE FOUR, ONLY RUPPENTHAL
APPEARS ON THE 1975 GOB LIST.

1. FROM DATE FOOTWEAR COUNTERVAILING DUTY ORDER WAS
ENTERED, BRAZILIAN EXPORT FIRMS HAVE HAD THE OPTION OF
REQUESTING A SUSPENSION OF LIQUIDATION ON FOOTWEAR ENTRIES
INTO THE U.S. FOR PAYMENT OF COUNTERVAILING DUTIES. IF A
FIRM DECIDED TO HAVE LIQUIDATION SUSPENDED, AN ESTIMATED
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COUNTERVAILING DUTY WOULD BE COLLECTED, AND THEN SUBSEQUENT-

LY WHEN THE FIRM PRESENTED DATA ON ACTUAL BENEFITS RECEIVED DURING THE PERIOD OF SUSPENSION, COUNTERVAILING DUTIES WOULD BE ASSESSED IN ACCORDANCE WITH THE BENEFITS ACTUALLY RECEIVED. IF THE ACTUAL DUTIES WERE LESS THAN THE ESTIMATED DUTIES PAID, THE DIFFERENCE WOULD BE REFUNDED TO THE IMPORTER WHO PAID THE DUTY.

2. PREVIOUSLY, HOWEVER, NO BRAZILIAN FIRMS HAD TAKEN ADVANTAGE OF THE SUSPENSION OF LIQUIDATION OPTION. COUNTERVAILING DUTIES AT EITHER 12.3 OR 4.8 PERCENT HAVE BEEN COLLECTED PROSPECTIVELY ON THE BASIS OF THE PERCENTAGE OF FOOTWEAR EXPORTS IN RELATION TO A FIRM'S TOTAL PRODUCTION DURING THE PREVIOUS YEAR.

3. FOUR FIRMS LISTED IN REF B HAVE REQUESTED TREASURY TO SUSPEND LIQUIDATION FOR 1976 AND HAVE SUBMITTED TO TREASURY PRODUCTION AND EXPORT FIGURES FOR A PORTION OF 1976. AT THE END OF THIS YEAR, THE ENTRIES DURING 1976 WILL BE LIQUIDATED ON THE BASIS OF THE GOB ANNUAL REPORT ON ALL FOOTWEAR FIRMS. THESE FOUR FIRMS HAVE ALLEGEDLY CONTRACTED EITHER TO BEGIN EXPORT TO U.S. OR TO INCREASE EXPORTS TO THE U.S. IN SUFFICIENT QUANTITIES TO QUALIFY FOR 4.8 PERCENT RATE.

4. TREASURY WOULD APPRECIATE GOB VERIFICATION OF THE SIX MONTH FIGURES IN REF B AS PART OF PROCESS OF GRANTING REQUEST FOR SUSPENSION OF LIQUIDATION. ONLY RUPPENTHAL APPEARED ON 1975 GOB LIST AND IT IS EXPECTED THAT ESTIMATED COUNTERVAILING DUTIES OF 12.3 PERCENT WILL BE COLLECTED IN ACCORDANCE WITH LIST. OF THREE COMPANIES WHICH DID NOT APPEAR ON 1975 LIST, ONLY LARUSE IS EXPECTED TO QUALIFY FOR ESTIMATED COUNTERVAILING DUTIES OF 4.8 PERCENT (EXPORTS MORE THAN 40 PERCENT OF PRODUCTION) WHILE OTHER TWO WILL BE ASSESSED ESTIMATED 12.3 PERCENT. WHEN BRAZILIANS PRESENT 1976 INFORMATION FIRMS WHICH PAID ESTIMATED 12.3 PERCENT WILL RECEIVE REFUND IF THEY QUALIFY FOR LOWER RATE BASED ON GOB DATA.

5. EMBASSY SHOULD EXPLAIN THAT REQUEST IS UNRELATED TO SIMON-SIMONSEN AGREEMENT ON FOOTWEAR. INSTEAD IT IS TECHNICAL STEP IN RESPONSE TO REQUEST BY BRAZILIAN COM-LIMITED OFFICIAL USE

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PANIES FOR SUSPENSION OF LIQUIDATION. KISSINGER

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